

**Village of Port Hope  
Port Hope, MI**

**FINANCIAL REPORT  
March 31, 2004**



# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Port Hope</b>	County <b>Huron</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/15/04</b>	Date Accountant Report Submitted to State: <b>9/22/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

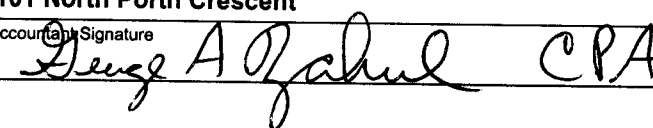
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>George A Zahul CPA PC</b>			
Street Address <b>101 North Porth Crescent</b>		City <b>Bad Axe</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48413</b>	Date <b>9-22-04</b>



# Village of Port Hope

## Table of Contents

	Page Number
Independent Auditors' Report	1
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2
<b><u>General Purpose Financial Statements:</u></b>	
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	5
Proprietary Fund Type Sewer Operating Fund Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	6
Proprietary Fund Type Sewer Operating Fund Statement of Cash Flows - Proprietary Fund Type	7
Fiduciary Fund Type Cemetery Perpetual Care Statement of Revenues, Expenditures, and Changes in Fund Balance Actual vs. Budget	8
Fiduciary Fund Type Cemetery Perpetual Care Statement of Cash Flows	9
Notes to the Financial Statements	10 - 16
<b><u>Supplemental Information:</u></b>	
<b><u>General Funds:</u></b>	
Schedule of Revenues Actual and Budget	17
Schedule of Expenditures Actual and Budget	18
<b><u>Balance Sheet - Sewer Operating Fund:</u></b>	19



# Village of Port Hope

## Table of Contents

### **Special Revenue Funds:**

Combined Balance Sheet 20

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual 21 - 25

**Statement of General Fixed Assets:** 26

**Schedule of Sewer System Revenue Bonds - Series A:** 27

**Schedule of Sewer System Revenue Bonds - Series B:** 28



**George Zahul, CPA, PC**  
**101 N Port Crescent St**  
**Bad Axe, MI 48413**  
**989-269-9966**

**Independent Auditor's Report**

To the Village Council  
Village of Port Hope  
Port Hope, MI 48468

I have audited the accompanying general purpose financial statements of the Village of Port Hope as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Village of Port Hope. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Port Hope as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2004, on my consideration of the Village of Port Hope's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the general purpose financial statements of the Village of Port Hope. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

  
George Zahul, CPA, PC  
September 15, 2004



**George Zahul, CPA, PC**  
**101 N Port Crescent St**  
**Bad Axe, MI 48413**  
**989-269-9966**

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Village Council  
Village of Port Hope  
Port Hope, MI 48468

I have audited the general purpose financial statements of the Village of Port Hope as of and for the year ended March 31, 2004, and have issued my report thereon dated September 15, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

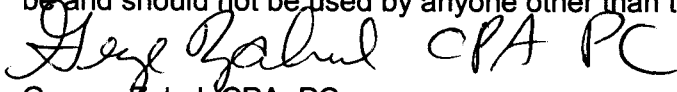
**COMPLIANCE**

As part of obtaining reasonable assurance about whether the Village of Port Hope's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Village of Port Hope, in a separate letter dated September 15, 2004.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit, I considered the Village of Port Hope's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

  
George Zahul, CPA, PC  
September 15, 2004



**Village of Port Hope  
Combined Balance Sheet  
All Fund Types and Account Groups  
March 31, 2004**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Trust Fund</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<b>Assets</b>						
Cash and Investments	\$ 314,896.19	\$ 526,737.05	238,397.99	\$ 72,080.01	\$ 0.00	\$ 1,152,111.24
Accounts Receivable	16,616.94	0.00	25,948.50	0.00	0.00	42,565.44
Due from Other Funds	22.13	45,588.76	1,927.07	0.00	0.00	47,537.96
Sewer Installments Receivable	0.00	0.00	383,450.44	0.00	0.00	383,450.44
Land, Building, and Equipment-net	0.00	0.00	1,869,807.19	0.00	1,148,951.77	3,018,758.96
<b>Total Assets</b>	<u>\$ 331,535.26</u>	<u>\$ 572,325.81</u>	<u>\$ 2,519,531.19</u>	<u>\$ 72,080.01</u>	<u>\$ 1,148,951.77</u>	<u>\$ 4,644,424.04</u>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 2,240.46	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,240.46
Deferred Revenue	0.00	\$ 0.00	\$ 383,450.44	\$ 0.00	\$ 0.00	\$ 383,450.44
Accrued Salaries, Fringes, Taxes	367.48	0.00	43.10	0.00	0.00	410.58
Due to Other Funds	6,841.70	575.13	22.13	41,571.00	0.00	49,009.96
Bonds Payable #1	0.00	0.00	452,000.00	0.00	0.00	452,000.00
Bonds Payable #2	0.00	0.00	131,000.00	0.00	0.00	131,000.00
<b>Total Liabilities</b>	<u>9,449.64</u>	<u>575.13</u>	<u>966,515.67</u>	<u>41,571.00</u>	<u>0.00</u>	<u>1,018,111.44</u>
<b>Fund Equity</b>						
Contributed Capital	0.00	0.00	1,331,791.77	0.00	0.00	1,331,791.77
Investment in Fixed Assets	0.00	0.00	0.00	0.00	1,148,951.77	1,148,951.77
Retained Earnings	0.00	0.00	221,223.75	0.00	0.00	221,223.75
Unreserved	<u>322,085.62</u>	<u>571,750.68</u>	<u>0.00</u>	<u>30,509.01</u>	<u>0.00</u>	<u>924,345.31</u>
<b>Total Fund Equity</b>	<u>322,085.62</u>	<u>571,750.68</u>	<u>1,553,015.52</u>	<u>30,509.01</u>	<u>1,148,951.77</u>	<u>3,626,312.60</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 331,535.26</u>	<u>\$ 572,325.81</u>	<u>\$ 2,519,531.19</u>	<u>\$ 72,080.01</u>	<u>\$ 1,148,951.77</u>	<u>\$ 4,644,424.04</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - All Governmental Fund Types**  
**For the Year Ended March 31, 2004**

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Memorandum</u> <u>Only</u>
<b>Revenues</b>			
Property Taxes	\$ 82,304.82	\$ 17,388.43	\$ 99,693.25
Licenses and Permits	857.51	673.75	1,531.26
State Revenue Sharing	29,604.00	25,566.31	55,170.31
Fire Department Services	0.00	51,639.56	51,639.56
Federal Grants Received	0.00	43,557.00	43,557.00
Interest	4,895.89	12,228.50	17,124.39
Miscellaneous	27,281.53	3,994.79	31,276.32
<b>Total Revenues</b>	<u>144,943.75</u>	<u>155,048.34</u>	<u>299,992.09</u>
<b>Expenditures</b>			
Legislative	1,380.00	0.00	1,380.00
General Government	10,123.89	0.00	10,123.89
Public Safety	10,677.64	16,261.99	26,939.63
Public Works	7,962.12	81,837.83	89,799.95
Other	56,315.25	2,309.99	58,625.24
Capital Outlay	6,170.00	59,788.77	65,958.77
<b>Total Expenditures</b>	<u>92,628.90</u>	<u>160,198.58</u>	<u>252,827.48</u>
<b>Excess of Revenues over Expenditures</b>	52,314.85	(5,150.24)	47,164.61
<b>Other Financing Sources (Uses)</b>			
Operating Transfers in	673.75	37,719.92	38,393.67
Operating Transfers out	(32,689.67)	(5,704.00)	(38,393.67)
<b>Total Other Financing Sources (Uses)</b>	<u>(32,015.92)</u>	<u>32,015.92</u>	<u>0.00</u>
<b>Excess of Revenues and Other Sources Over(Under)Expenditures and Other Uses</b>	20,298.93	26,865.68	47,164.61
<b>Fund Balance at Beginning of Year</b>	<u>301,786.69</u>	<u>544,885.00</u>	<u>846,671.69</u>
<b>Fund Balance at End of Year</b>	<u>\$ 322,085.62</u>	<u>\$ 571,750.68</u>	<u>\$ 893,836.30</u>

The accompanying notes are an integral part of the financial statements



**Village of Port Hope**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - Budget and Actual**  
**General Fund and Special Revenue Fund Types**  
**For the Year Ended March 31, 2004**

	<u>General Fund</u>			<u>Special Revenue</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>						
Property Taxes		\$ 82,304.82			17,388.43	
Licenses and Permits		857.51			673.75	
State Revenue Sharing		29,604.00			25,566.31	
Fire Department Services		0.00			51,639.56	
Federal Grant Received		0.00			43,557.00	
Interest		4,895.89			12,228.50	
Miscellaneous		<u>27,281.53</u>			<u>3,994.79</u>	
<b>Total Revenues</b>	<u>111,300.00</u>	<u>144,943.75</u>	<u>33,643.75</u>	<u>113,557.00</u>	<u>155,048.34</u>	<u>41,491.34</u>
<b>Expenditures</b>						
Legislative	3,000.00	1,380.00	1,620.00	0.00	0.00	0.00
General Government	29,400.00	10,123.89	19,276.11	0.00	0.00	0.00
Public Safety	12,000.00	10,677.64	1,322.36	40,000.00	16,261.99	23,738.01
Public Works	10,000.00	7,962.12	2,037.88	27,000.00	81,837.83	(54,837.83)
Other	57,500.00	56,315.25	1,184.75	3,000.00	2,309.99	690.01
Capital Outlay	<u>0.00</u>	<u>6,170.00</u>	<u>(6,170.00)</u>	<u>43,557.00</u>	<u>59,788.77</u>	<u>(16,231.77)</u>
<b>Total Expenditures</b>	<u>111,900.00</u>	<u>92,628.90</u>	<u>19,271.10</u>	<u>113,557.00</u>	<u>160,198.58</u>	<u>(46,641.58)</u>
<b>Excess of Revenues over Expenditures</b>	<u>(600.00)</u>	<u>52,314.85</u>	<u>52,914.85</u>	<u>0.00</u>	<u>(5,150.24)</u>	<u>(5,150.24)</u>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers in	600.00	673.75	(73.75)	37,719.92	37,719.92	0.00
Operating Transfers out	<u>0.00</u>	<u>(32,689.67)</u>	<u>32,689.67</u>	<u>(5,704.00)</u>	<u>(5,704.00)</u>	<u>0.00</u>
<b>Total Other Financing Sources (Uses)</b>	<u>600.00</u>	<u>(32,015.92)</u>	<u>32,615.92</u>	<u>32,015.92</u>	<u>32,015.92</u>	<u>0.00</u>
<b>Excess of Revenues and Other Over(Under)Expenditures and Other Us</b>	<u>\$ 0.00</u>	<u>20,298.93</u>	<u>\$ 20,298.93</u>	<u>\$ 32,015.92</u>	<u>26,865.68</u>	<u>\$ (5,150.24)</u>
<b>Fund Balance at Beginning of Year</b>		<u>301,786.69</u>			<u>544,885.00</u>	
<b>Fund Balance at End of Year</b>		<u><u>\$322,085.62</u></u>			<u><u>\$571,750.68</u></u>	

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Proprietary Fund Type Sewer Operating Fund**  
**Statement of Revenues, Expenses and Changes in**  
**Retained Earnings Budget and Actual**  
**For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges		\$ 34,962.50	
<b>Total Operating Revenues</b>	<u>50,000.00</u>	<u>34,962.50</u>	<u>(15,037.50)</u>
<b>Operating Expenses</b>			
Operators Salary		6,218.95	
Salaries and Wages		1,005.00	
Fica		328.48	
Postage		(116.47)	
Chemicals		825.00	
Repairs and Maintenance-Sewer		825.00	
Repairs and Maintenance-Plant		188.64	
Computer Service		1,117.95	
Telephone		874.98	
Vehicle Expenses		271.81	
Miscellaneous		5.71	
Depreciation		42,264.00	
Utilities		1,771.76	
Bond Fees		193.00	
<b>Total Operating Expenses</b>	<u>50,000.00</u>	<u>55,773.81</u>	<u>(5,773.81)</u>
<b>Operating Income (loss)</b>	0.00	(20,811.31)	(20,811.31)
<b>Other Income (Expense)</b>			
Sewer Installment and Hookup Income	0.00	30,540.00	30,540.00
Rent and Miscellaneous Income	0.00	4,345.00	4,345.00
Interest Income	0.00	6,845.37	6,845.37
Interest Expense	0.00	(35,883.74)	(35,883.74)
<b>Total Other Income (Expense)</b>	<u>0.00</u>	<u>5,846.63</u>	<u>5,846.63</u>
<b>Net Income (loss) From Operations</b>	<u>\$ 0.00</u>	<u>(14,964.68)</u>	<u>(14,964.68)</u>
Add: Transfer of depreciation on assets acquired with contributions and grants		<u>29,052.00</u>	
<b>Net Income (Loss)</b>		14,087.32	
<b>Retained Earnings Beginning of Year</b>		<u>207,136.43</u>	
<b>Retained Earnings End of Year</b>		<u>\$ 221,223.75</u>	

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope  
Proprietary Fund Type Sewer Operating Fund  
Statement of Cash Flows  
For The Year Ended March 31, 2004**

<b>Cash Flows From Operating Activities</b>	
Net Income (Loss)	\$ 14,087.32
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Accounts Receivable	5,869.06
Other	(266.07)
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	<u>(13,405.32)</u>
<b>Total Adjustments</b>	<u>(7,802.33)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	6,284.99
<b>Cash Flows From Investing Activities</b>	
Proceeds From Sale of Fixed Assets	<u>0.00</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	0.00
<b>Cash Flows From Financing Activities</b>	
Notes Payable Repayments	<u>(11,000.00)</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>(11,000.00)</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(4,715.01)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>229,901.00</u>
<b>Cash and Cash Equivalents End of Year</b>	<u><u>\$ 238,397.99</u></u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Fiduciary Fund Type Cemetery Perpetual Care**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

	Actual	Budget	Variance <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Interest Income	\$ 1,250.00	\$ 0.00	\$ (1,250.00)
<b>Total Revenues</b>	<u>1,250.00</u>	<u>0.00</u>	<u>(1,250.00)</u>
<b>Expenditures</b>			
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,250.00</u>	<u>0.00</u>	<u>1,250.00</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(2,264.99)	0.00	2,264.99
<b>Total Other Financing Sources (Uses)</b>	<u>(2,264.99)</u>	<u>0.00</u>	<u>(2,264.99)</u>
<b>Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	(1,014.99)	<u>\$ 0.00</u>	<u>\$ (1,014.99)</u>
<b>Fund Balance Beginning of Year</b>	<u>31,524.00</u>		
<b>Fund Balance End of Year</b>	<u>\$ 30,509.01</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Fiduciary Fund Type Cemetery Perpetual Care**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2004**

<b>Cash Flows From Operating Activities</b>	
Net Income (Loss)	
Adjustments to reconcile Net Income	\$ (1,014.99)
(Loss) to net Cash provided by	
(used in) operating activities:	
Losses (Gains) on sales of	
Decrease (Increase) in	
Operating Assets:	
Increase (Decrease) in	
Operating Liabilities:	
<b>Total Adjustments</b>	<u>0.00</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	(1,014.99)
<b>Cash Flows From Investing Activities</b>	
<b>Net Cash Provided By (Used In) Investing Activities</b>	0.00
<b>Cash Flows From Financing Activities</b>	
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>0.00</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,014.99)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>73,095.00</u>
<b>Cash and Cash Equivalents End of Year</b>	<u><u>\$ 72,080.01</u></u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**Note 1 - Summary of Significant Accounting Policies:**

**A. Description of Village Operations**

The village is located in Huron County, Michigan and operates under an elected Council. The Village provides services to the residents as authorized by its charter, which include public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning, and general administration services.

**B. Reporting Entity**

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Village is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Village.

**C. Basis of Presentation**

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and account groups are used by the Village:

**Governmental Fund Types:**

**General Fund** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**Proprietary Fund Type:**

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services to the general public on a continuing basis is financed through user charges.

**Fiduciary Fund Type:**

**Nonexpendable Trust Fund** - The Trust Fund was established to account for assets received and held by the government in the capacity of trustee for individuals, other governments and/or other funds for which a portion of the fund must be held intact.

**Account Group:**

**General Fixed Assets Account Group** - This account group is used to account for fixed assets purchased by and used in governmental fund type operations. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All propriety funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**E. Accounting Estimates**

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures/expenses. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**F. Property Taxes**

Properties are assessed as of June 30, and the related property taxes become a lien on June 1 of the following year. These taxes are due on September 14 with the final collection date of September 14. After this date, they are added to the County tax rolls.

Property taxes levied are collected and deposited in the General Fund. The delinquent real property taxes of the Village are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Village for these property taxes. These taxes have been recorded as revenue for the current year. Delinquent personal property taxes are not paid by the County revolving tax fund and will be remitted to the Village as collection occurs.

**G. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**H. Budgets**

Budgets and amended budgets as presented for the Governmental Fund Types are adopted on a basis consistent with generally accepted accounting principles. The budgeted amounts shown in budget to actual comparisons are the final amended budgets. All annual appropriations lapse at year end. The Village does not utilize encumbrance accounting.

**I. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter fund transactions and reimbursements, are reported as transfers. Non-reoccurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter fund transfers are reported as operating transfers.

**J. "Totals - (Memorandum Only)"**

The "Memorandum Only" total column represents the aggregate total of the various columnar statements by fund type and account group. This total column is not comparable to a consolidation and, therefore, does not present consolidated information.

**Note 2 - Budgets:**

In the combined financial statements, the Village's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the fund level.

P.A. 621 of 1978, as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the function level.

During the year ended January 31, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as presented in the financial statements.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**Note 3 - Cash and Investments:**

**Deposits** - The Village's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Village's deposits was \$403,415.27 and the bank balance was \$403,415.27.

**Investments** - State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of March 31, 2004, the Village investments consisted of certificates of deposit of which the carrying amount and the bank balance was \$748,695.97.

The total Village cash and investments amounted to \$1,152,111.24 as of March 31, 2004 and \$845,247.24 was covered by Federal Depository Insurance.

**Note 4 - Proprietary Fund Fixed Assets:**

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer building and lines	50 years
Buildings	15-30 years
Equipment	10-20 years
Office equipment	5 years

**Note 5 - Contributed Capital:**

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Village resources to purchase or construct the sewer system currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closes to contributed capital rather than retained earnings.



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**Note 6 - Changes in Long-Term Debt - Sewer Fund:**

The Village sewer system encompasses all of the Village of Port Hope with limited extension of services to residents of Gore Township and Rubicon Township. Financing of construction was accomplished through Series A and Series B Sewer System Revenue Bonds, authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The following is a summary of bond transactions for the year ended March 31, 2004:

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2004</u>
Sewer System Revenue Bonds - Series A	\$ 461,000	\$ -	\$ 9,000	\$ 452,000
Sewer System Revenue Bonds - Series B	133,000	-	2,000	131,000
Total	<u>\$ 594,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 583,000</u>

Sewer System Revenue Bonds payable as of March 31, 2004 are comprised of the following:

\$543,000 Series A Bonds due in annual principal installments ranging from \$9,000 to \$39,000 through April 1, 2027, plus interest at the rate of 6.125%, payable semi-annually on April 1 and October 1.

\$ 452,000

\$155,000 Series B Bonds due in annual principal installments ranging from \$2,000 to \$10,000 through April 1, 2027, plus interest at the rate of 5.75%, payable semi-annually on April 1 and October 1.

131,000

Sewer System Revenue Bonds payable      \$ 583,000

The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of March 31, 2004 including interest of \$551,104 are as follows:

2005	\$ 46,551
2006	46,856
2007	47,102
2008	47,287
2009	46,532
Thereafter	863,892
	<u>\$ 1,098,220</u>



**Village of Port Hope**  
**Notes to the Financial Statements**  
**March 31, 2004**

**Note - 7 Risk Management:**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, and natural disasters. The Village participates in the Michigan Municipal Liability and Property Pool for claims related to property loss, natural disasters, general liability, errors and omissions and auto liability. The Village also participates in the Michigan Municipal Worker's Compensation Fund for claims related to workers compensation. The Pool operates as a common risk-sharing management program for governmental units in Michigan. Member premiums are used to purchase insurance coverage and to pay member claims in excess of deductible amounts.

**Note - 8 Pension Plan:**

The Village of Port Hope does not provide any pension and or retirement benefits.



**Village of Port Hope  
General Fund  
Schedule of Revenues  
For the Year Ended March 31, 2004**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Current Tax Levy	\$ 82,304.82		
Cable TV	1,697.37		
Garbage Fees	22,429.16		
Zoning Permits	857.51		
Donations	150.00		
Web Site Income	35.00		
Sales Tax	29,604.00		
Rental Income	2,225.00		
Miscellaneous	745.00		
Interest Income	<u>4,895.89</u>		
<b>Total Revenues</b>	<u>\$ 144,943.75</u>	<u>\$ 111,300.00</u>	<u>33,643.75</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope  
General Fund  
Schedule of Expenditures  
For the Year Ended March 31, 2004**

	<u>Actual</u>	<u>Budget</u>
<b>Legislative</b>		
Township Board Salary	\$ 1,380.00	
<b>Total Legislative</b>	<u>\$ 1,380.00</u>	<u>\$ 3,000.00</u>
<b>General Government</b>		
Election Costs	\$ 447.43	
Clerk Fees	3,837.84	
Treasurer Fees	1,878.62	
Building and Grounds	2,650.00	
Zoning Costs	1,010.00	
Mayor Fees	300.00	
<b>Total General Government</b>	<u>\$ 10,123.89</u>	<u>\$ 29,400.00</u>
<b>Public Safety</b>		
Fire Department	\$ 1,427.84	
Ambulance Stand by Fees	369.00	
Outside Labor - Police	6,980.30	
Maintenance Fee - Police	1,900.50	
<b>Total Public Safety</b>	<u>\$ 10,677.64</u>	<u>\$ 12,000.00</u>
<b>Public Works</b>		
Street Light Expense	\$ 6,753.54	
Repairs and Maintenance	1,208.58	
<b>Total Public Works</b>	<u>\$ 7,962.12</u>	<u>\$ 10,000.00</u>
<b>Other</b>		
Taxes - Payroll	\$ 1,330.11	
Office Wages	2,698.25	
Office Supplies	2,128.70	
Printing and Publishing	306.35	
Professional Fees	7,756.10	
Insurance	9,449.66	
Dues and Publications	457.00	
Web Site Expenses	90.40	
Miscellaneous	479.50	
Garbage Pick Up	21,492.18	
Miscellaneous	358.26	
Telephone	1,828.80	
Utilities	5,529.44	
Tax Cancellations	212.50	
Travel	100.00	
Outside Contractor	1,800.00	
Repairs and Maintenance	298.00	
<b>Total Other</b>	<u>\$ 56,315.25</u>	<u>\$ 57,500.00</u>
<b>Capital Outlay</b>		
Capital Outlay	\$ 6,170.00	\$ 0.00
<b>Total Expenditures</b>	<u>\$ 92,628.90</u>	<u>\$ 111,900.00</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope  
Balance Sheet  
Sewer Operating Fund  
March 31, 2004**

**Assets**

**Current Assets**

Cash in Bank	\$ 588.46
Cash-Saving	46,799.22
Certificates of Deposit	191,010.31
Due from General Fund	1,927.07
Sewer Installment Receivable	383,450.44
Accounts Receivable Sewer	<u>25,948.50</u>
<b>Total Current Assets</b>	<b>649,724.00</b>

**Property and Equipment**

Land	65,000.00
Lagoon	343,283.10
Sewer Plant	2,075,283.77
Machinery and Equipment	11,390.00
Office Furniture and Equipment	1,399.32
Less Accumulated Depreciation	<u>(626,549.00)</u>
<b>Total Property and Equipment</b>	<b><u>1,869,807.19</u></b>

**Total Assets** **\$ 2,519,531.19**

**Liabilities and Fund Equity**

**Liabilities**

Fica WH Payable	\$ (25.90)
State WH Payable	71.80
Medicare WH Payable	(2.80)
Due to General Fund	22.13
Deferred Sewer Install Rec	383,450.44
Bonds Payable	452,000.00
Bonds Payable #2	<u>131,000.00</u>
<b>Total Liabilities</b>	<b><u>966,515.67</u></b>

**Fund Equity**

Contributed Capital	1,331,791.77
Retained Earnings	<u>221,223.75</u>
<b>Total Fund Equity</b>	<b><u>1,553,015.52</u></b>

**Total Liabilities and Fund Equity** **\$ 2,519,531.19**

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope  
Special Revenue Funds  
Combined Balance Sheet  
March 31, 2004**

	<u>Major Street</u>	<u>Local Street</u>	<u>Fire Fund</u>	<u>Cemetery</u>	<u>Totals</u>
<b>Assets</b>					
Cash in Bank	\$ 212,357.52	\$ 106,069.35	\$ 208,292.79	\$ 17.39	\$ 526,737.05
Due From Other Funds	<u>575.13</u>	<u>3,442.38</u>	<u>0.00</u>	<u>41,571.25</u>	<u>45,588.76</u>
<b>Total Assets</b>	<u>\$ 212,932.65</u>	<u>\$ 109,511.73</u>	<u>\$ 208,292.79</u>	<u>\$ 41,588.64</u>	<u>\$ 572,325.81</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Due to other Funds	\$ 0.00	\$ 575.13	\$ 0.00	\$ 0.00	\$ 575.13
<b>Fund Equity</b>					
Unreserved	<u>212,932.65</u>	<u>108,936.60</u>	<u>208,292.79</u>	<u>41,588.64</u>	<u>571,750.68</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 212,932.65</u>	<u>\$ 109,511.73</u>	<u>\$ 208,292.79</u>	<u>\$ 41,588.64</u>	<u>\$ 572,325.81</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

	<u>Cemetery Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Transfers From Perpetual Fund	\$ 2,264.99		
<b>Total Revenues</b>	<u>2,264.99</u>	<u>3,000.00</u>	<u>(735.01)</u>
<b>Expenditures</b>			
Contracted Services	2,309.99	0.00	(2,309.99)
Budget Cem exp	0.00	3,000.00	3,000.00
<b>Total Expenditures</b>	<u>2,309.99</u>	<u>3,000.00</u>	<u>(690.01)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(45.00)</u>	<u>0.00</u>	<u>(45.00)</u>
<b>Other Financing Sources (Uses)</b>			
<b>Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	(45.00)	\$ <u>0.00</u>	\$ <u>(45.00)</u>
<b>Fund Balance Beginning of Year</b>	<u>41,633.64</u>		
<b>Fund Balance End of Year</b>	<u>\$ 41,588.64</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

	<u>Fire Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Fire Fees	\$ 3,850.00		
Bulk Water Sales	7,322.25		
Miscellaneous	1,613.76		
FEMA Grant	43,557.00		
Interest Income	3,386.93		
Stand By Fees	40,467.31		
<b>Total Revenues</b>	<u>100,197.25</u>	<u>83,557.00</u>	<u>16,640.25</u>
<b>Expenditures</b>			
Salary Fire Chief	1,200.00		
Supplies	1,671.12		
Dues	68.00		
Gas and Oil	638.33		
Water Expense	2,666.05		
Repairs and Maintenance	6,191.79		
Telephone	938.92		
Miscellaneous	1,222.78		
Meetings	1,665.00		
Capital Outlay	59,788.77		
<b>Total Expenditures</b>	<u>76,050.76</u>	<u>83,557.00</u>	<u>(7,506.24)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>24,146.49</u>	<u>0.00</u>	<u>24,146.49</u>
<b>Other Financing Sources (Uses)</b>			
<b>Total Other Financing Sources (Uses)</b>	<u>32,689.67</u>	<u>0.00</u>	<u>(32,689.67)</u>
<b>Excess of Revenues and Other Financing Sources</b>			
<b>(Uses) Over (Under) Expenditures</b>	<u>56,836.16</u>	<u>\$ 0.00</u>	<u>\$ 56,836.16</u>
<b>Fund Balance Beginning of Year</b>	<u>151,456.63</u>		
<b>Fund Balance End of Year</b>	<u>\$ 208,292.79</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

**Liquor Fund**

	<u><b>Actual</b></u>	<u><b>Budget</b></u>	<u><b>Variance</b></u> <u><b>Favorable</b></u> <u><b>(Unfavorable)</b></u>
<b>Revenues</b>			
Liquor License Fees	\$ 673.75		
<b>Total Revenues</b>	<u>673.75</u>	<u>600.00</u>	<u>73.75</u>
<b>Expenditures</b>			
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>673.75</u>	<u>600.00</u>	<u>73.75</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(673.75)</u>		
<b>Total Other Financing Sources (Uses)</b>	<u>(673.75)</u>	<u>(600.00)</u>	<u>(73.75)</u>
<b>Excess of Revenues and Other Financing Sources</b> <b>(Uses) Over (Under) Expenditures</b>	0.00	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>Fund Balance Beginning of Year</b>	<u>0.00</u>		
<b>Fund Balance End of Year</b>	<u>\$ 0.00</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

	<u>Local Street Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Current Tax Levy	\$ 15,617.11		
Special Assessments	1,771.32		
State Grants	9,017.24		
Interest Income	2,875.18		
<b>Total Revenues</b>	<u>29,280.85</u>	<u>11,500.00</u>	<u>(17,780.85)</u>
<b>Expenditures</b>			
Construction - Materials and Supplies	16,965.85		
Construction - Contract Services	47,041.85		
Maintenance - Supplies	9,027.74		
Maintenance - Contract Services	8,564.39		
Miscellaneous Expenses	63.00		
<b>Total Expenditures</b>	<u>81,662.83</u>	<u>11,500.00</u>	<u>(70,162.83)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(52,381.98)</u>	<u>0.00</u>	<u>52,381.98</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	5,030.25	0.00	(5,030.25)
<b>Total Other Financing Sources (Uses)</b>	<u>5,030.25</u>	<u>0.00</u>	<u>5,030.25</u>
<b>Excess of Revenues and Other Financing (Uses) Over (Under) Expenditures</b>	<u>(47,351.73)</u>	<u>\$ 0.00</u>	<u>\$ (47,351.73)</u>
<b>Fund Balance Beginning of Year</b>	<u>156,288.33</u>		
<b>Fund Balance End of Year</b>	<u>\$ 108,936.60</u>		



**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2004**

	<u>Major Street Fund</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
State Grants	\$ 16,549.07		
Miscellaneous	116.04		
Interest Income	<u>5,966.39</u>		
<b>Total Revenues</b>	<u>22,631.50</u>	<u>15,500.00</u>	<u>(7,131.50)</u>
<b>Expenditures</b>			
Maintenance - Contract Services	<u>175.00</u>		
<b>Total Expenditures</b>	<u>175.00</u>	<u>15,500.00</u>	<u>15,325.00</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>22,456.50</u>	<u>0.00</u>	<u>(22,456.50)</u>
<b>Other Financing Sources (Uses)</b>			
Transfer out	<u>(5,030.25)</u>	<u>0.00</u>	<u>5,030.25</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(5,030.25)</u>	<u>0.00</u>	<u>(5,030.25)</u>
<b>Excess of Revenues and Other Financing (Uses) Over (Under) Expenditures</b>	<u>17,426.25</u>	<u>\$ 0.00</u>	<u>\$ 17,426.25</u>
<b>Fund Balance Beginning of Year</b>	<u>195,506.40</u>		
<b>Fund Balance End of Year</b>	<u>\$ 212,932.65</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Statement of General Fixed Assets**  
**March 31, 2004**

	<u>Balance</u> <u>March 31, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2004</u>
<b>General Fixed Assets</b>				
Land	\$ 88,118.00	\$ 0.00	\$ 0.00	\$ 88,118.00
Buildings and Improvements	566,343.00	0.00	0.00	566,343.00
Furniture and Equipment	<u>428,532.00</u>	<u>\$ 65,958.77</u>	<u>0.00</u>	<u>494,490.77</u>
<b>Total General Fixed Assets</b>	<u>\$ 1,082,993.00</u>	<u>\$ 65,958.77</u>	<u>\$ 0.00</u>	<u>\$ 1,148,951.77</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Schedule of Sewer System Revenue Bonds - Series A**  
**March 31, 2004**

<b>Maturity Date</b>	<b>Principal Amount Payable at Each Maturity Date</b>	<b>Interest</b>		<b>Total</b>
		<b>Rate</b>	<b>Amount</b>	
10/01/04		6.125%	13,843	13,843
04/01/05	9,000	6.125%	13,843	22,843
10/01/05		6.125%	13,567	13,567
04/01/06	10,000	6.125%	13,567	23,567
10/01/06		6.125%	13,261	13,261
04/01/07	11,000	6.125%	13,261	24,261
10/01/07		6.125%	12,924	12,924
04/01/08	11,000	6.125%	12,924	23,924
10/01/08		6.125%	12,587	12,587
04/01/09	12,000	6.125%	12,587	24,587
10/01/09		6.125%	12,189	12,189
04/01/10	13,000	6.125%	12,189	25,189
10/01/10		6.125%	11,821	11,821
04/01/11	13,000	6.125%	11,821	24,821
10/01/11		6.125%	11,423	11,423
04/01/12	14,000	6.125%	11,423	25,423
10/01/12		6.125%	10,994	10,994
04/01/13	15,000	6.125%	10,994	25,994
10/01/13		6.125%	10,535	10,535
04/01/14	16,000	6.125%	10,535	26,535
10/01/14		6.125%	10,045	10,045
04/01/15	17,000	6.125%	10,045	27,045
10/01/15		6.125%	9,524	9,524
04/01/16	18,000	6.125%	9,524	27,524
10/01/16		6.125%	8,973	8,973
04/01/17	19,000	6.125%	8,973	27,973
10/01/17		6.125%	8,391	8,391
04/01/18	20,000	6.125%	8,391	28,391
10/01/18		6.125%	7,779	7,779
04/01/19	22,000	6.125%	7,779	29,779
10/01/19		6.125%	7,105	7,105
04/01/20	23,000	6.125%	7,105	30,105
10/01/20		6.125%	6,401	6,401
04/01/21	24,000	6.125%	6,401	30,401
10/01/21		6.125%	5,666	5,666
04/01/22	26,000	6.125%	5,666	31,666
10/01/22		6.125%	4,869	4,869
04/01/23	27,000	6.125%	4,869	31,869
10/01/23		6.125%	4,043	4,043
04/01/24	29,000	6.125%	4,043	33,043
10/01/24		6.125%	3,154	3,154
04/01/25	31,000	6.125%	3,154	34,154
10/01/25		6.125%	2,205	2,205
04/01/26	33,000	6.125%	2,205	35,205
10/01/26		6.125%	1,194	1,194
04/01/27	<u>39,000</u>	6.125%	<u>1,194</u>	<u>40,194</u>
	\$ 452,000		\$ 404,986	\$ 856,986



**Village of Port Hope**  
**Schedule of Sewer System Revenue Bonds - Series B**  
**March 31, 2004**

<b>Maturity Date</b>	<b>Principal Amount Payable at Each Maturity Date</b>	<b>Interest</b>		<b>Total</b>
		<b>Rate</b>	<b>Amount</b>	
10/01/04		5.75%	3,766	3,766
04/01/05	3,000	5.75%	3,766	6,766
10/01/05		5.75%	3,680	3,680
04/01/06	3,000	5.75%	3,680	6,680
10/01/06		5.75%	3,594	3,594
04/01/07	3,000	5.75%	3,594	6,594
10/01/07		5.75%	3,508	3,508
04/01/08	3,000	5.75%	3,508	6,508
10/01/08		5.75%	3,421	3,421
04/01/09	3,000	5.75%	3,421	6,421
10/01/09		5.75%	3,335	3,335
04/01/10	3,000	5.75%	3,335	6,335
10/01/10		5.75%	3,249	3,249
04/01/11	4,000	5.75%	3,249	7,249
10/01/11		5.75%	3,134	3,134
04/01/12	4,000	5.75%	3,134	7,134
10/01/12		5.75%	3,019	3,019
04/01/13	4,000	5.75%	3,019	7,019
10/01/13		5.75%	2,904	2,904
04/01/14	4,000	5.75%	2,904	6,904
10/01/14		5.75%	2,789	2,789
04/01/15	5,000	5.75%	2,789	7,789
10/01/15		5.75%	2,645	2,645
04/01/16	6,000	5.75%	2,645	8,645
10/01/16		5.75%	2,473	2,473
04/01/17	6,000	5.75%	2,473	8,473
10/01/17		5.75%	2,300	2,300
04/01/18	6,000	5.75%	2,300	8,300
10/01/18		5.75%	2,128	2,128
04/01/19	7,000	5.75%	2,128	9,128
10/01/19		5.75%	1,926	1,926
04/01/20	7,000	5.75%	1,926	8,926
10/01/20		5.75%	1,725	1,725
04/01/21	7,000	5.75%	1,725	8,725
10/01/21		5.75%	1,524	1,524
04/01/22	8,000	5.75%	1,524	9,524
10/01/22		5.75%	1,294	1,294
04/01/23	8,000	5.75%	1,294	9,294
10/01/23		5.75%	1,064	1,064
04/01/24	9,000	5.75%	1,064	10,064
10/01/24		5.75%	805	805
04/01/25	9,000	5.75%	805	9,805
10/01/25		5.75%	546	546
04/01/26	9,000	5.75%	546	9,546
10/01/26		5.75%	288	288
04/01/27	10,000	5.75%	288	10,288
	<u>\$ 131,000</u>		<u>\$ 110,234</u>	<u>\$ 241,234</u>



**George Zahul, CPA, PC**

101 N Port Crescent St  
Bad Axe, MI 48413

September 22, 2004

To the Village Board  
Village of Port Hope  
Port Hope, MI 48468

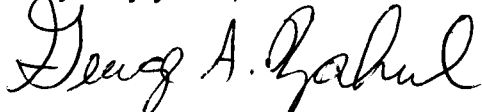
The following comments related to situations that came to my attention during the course of my recent examination of the Village of Port Hope's financial statements as of and for the year ended March 31, 2004, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Village over-expended in the Special Revenue Funds in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.
2. The Village should consider budgeting revenues and expenses by items rather than in totals. Although this is not required, it would make comparisons during the year easier when or if amended by the Village.
3. Invoices sent should have the date referenceing the time period of the invoice.
4. Journals and/a ledger should be prepared for the cementery funds.

If you would need assistance in implementing the above, I would by happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Village Officials for their help and assistance during the audit.

Very truly yours,



George A. Zahul, PC  
Certified Public Accountant